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TO: Pharmacy Providers and Software Vendors
FROM: **First Health Services Corporation**
DATE: November 15, 2004
SUBJECT: *The Kentucky Medicaid Pharmacy Program*

PROVIDER NOTICE 11.15.04 - 02

This letter will provide you with additional information regarding the ***Kentucky Medicaid Pharmacy Program*** transition to First Health Services Corporation effective December 4, 2004. Providers may begin submitting claims through **First Health at 9:00 a.m., ET** on Saturday, December 4, 2004. All claims, regardless of date of service, should be submitted through **First Health** from that time forward. The Unisys claims processing system will shut down at 7:15 p.m., ET Friday December 3, 2004.

- Providers will not be able to submit claims from 7:15 p.m., ET Friday, December 3, 2004 until 9:00 a.m., ET Saturday, December 4, 2004. During that downtime window providers should dispense as appropriate under current coverage guidelines. Providers needing assistance in submitting these claims on Saturday, December 4, 2004 should contact **First Health**.

In order to ensure a smooth transition from Unisys, providers should discontinue sending paper and batch claims to Unisys on November 26, 2004; after November 26, 2004 paper and batch claims should be sent to First Health for processing on/ after December 4, 2004. Paper and batch claims received by Unisys after November 26, 2004 will be forwarded to First Health. Providers should discontinue direct-data-entry (DDE) claims to Unisys at 3:00 p.m., ET December 3, 2004.

Providers will be able to submit adjustments and reversals of claims previously paid by Unisys to the **First Health** system. Timely filing for original claims, reversals and adjustments is 366 days from the original date of service.

Providers may continue submitting prior authorization requests to Unisys through 7:15 p.m., ET on December 3, 2004. All subsequent prior authorization requests should be made to **First Health**.

First Health will be converting existing claims history data in order to allow providers to submit reversals, adjustments and retroactive claims within the timely filing limits. Prior authorization records from the current vendor will also be converted.

Providers who are already enrolled in the Kentucky Medicaid Pharmacy Program do not need to directly contract with **First Health**.

The Point-of-Sale (POS) system will require pharmacies to submit claims to **First Health** electronically in the National Council for Prescription Drug Programs (NCPDP) standardized Version 5.1; lower versions will not be accepted. After submission, **First Health** will respond to the pharmacy provider with information regarding recipient eligibility, *Kentucky Medicaid's* allowed amount, applicable Prospective Drug Utilization Review (ProDUR) messages, and applicable Rejection messages. ProDUR messages will be returned in the DUR response fields; other important related information will be displayed in the free form message area. It is of utmost importance that all providers see the appropriate messages exactly as **First Health** returns them. To facilitate this effort, we are enclosing a copy of the **First Health** Pharmacy Provider Billing Manual for the *Kentucky Medicaid Pharmacy Program*; this information will also be mailed to chain corporate headquarters and switching companies.

POS claim submission is mandatory for all providers with the exception of those providers who have been approved for alternate media submission. Electronic batch claims must be submitted on diskettes or through FTP. The format for electronic media is NCPDP Batch 1.1. Paper claims will also be accepted for alternate media providers. **First Health** will require a Universal Claim Form (UCF) for paper claim submission. **First Health** will continue to provide a method of direct data entry via the web for those providers approved by the Commonwealth. Providers who have been participating in direct data entry program should call 804-217-5060 for further details.

All arrangements with switching companies should be handled directly by the provider with the preferred switching company.

Some of the changes that will occur with the **First Health** implementation include:

- Important **transaction routing information** will change:
 - the **new BIN** will be: 011529
 - the **new PCN** will be: P022011529
 - the **new Group ID** will be: KYMEDICAID
- **Software vendors must be certified** with **First Health** to submit NCPDP version 5.1. If you have any questions regarding this or need assistance in any way, please contact 804-217-5060 or email Vendor_Certification@fhsc.com.
- **Kentucky Medicaid program changes** include:
 - The State MAC (SMAC) program will be expanded. MAC information will be available on the **First Health** website: <http://kentucky.fhsc.com>. This website will be available for provider access starting December 4, 2004.
 - The reimbursement schedule will be biweekly. As per the prior notice from the Department the estimated time lines are expected to be as follows with an adjustment in the first cycle due to the Christmas holiday:
 - December 4 Claims billed to First Health
 - December 17 Payment Cycle Run (Friday)
 - December 22 Payment information forwarded to State (normal cycle will be on Thursday)

- December 23 Checks mailed by First Health (normal cycle will be on Friday)
- The bi-weekly schedule described above will continue until June 24, 2005. The payment scheduled for that date will be delayed until July 1, 2005 as part of the Department's cash management process. On July 8, 2005 payments will return to the regular bi-weekly schedule.
- Reimbursement for chains will be made at the corporate level and not at the individual pharmacy level.
- Federal Upper Limit (FUL) pricing will be used in "lesser of" pricing calculation.
- Provider submitted "Gross Amount Due" will be used in "lesser of" pricing calculation effective January 4, 2005.
- Overrides (via telephone call to **First Health**) are required for designated ProDUR denials:
 - Drug to Drug (DD);
 - Therapeutic Duplication (TD) for atypical anti-psychotics, narcotic analgesics and anti-anxiety drugs;
 - Early Refill (ER) for CII's.
- Rebatable over-the-counter (OTC) drugs are covered with prescription for ambulatory patients without a prior authorization.
- **Long Term Care (LTC)** providers will receive processing details via a separate mailing.

In order to facilitate the transition process, we are enclosing a "Point-of-Sale Cheat Sheet" for your quick reference and revised Prior Authorization forms.

If you have any questions or require additional information, please contact Rob Rust at RRRust@fhsc.com or (804) 934-4247 or Jeannie Goodyear at JGoodyear@fhsc.com or 804-965-7798. We look forward to working with you to ensure the success of the ***Kentucky Medicaid Pharmacy Program.***